

**ORIGINAL**

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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U.S. POSTAL SERVICE  
WASHINGTON, D.C. 20268-0001

MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS SECKAR TO INTERROGATORIES OF  
PITNEY BOWES, INC.  
(PB/USPS-T2-3-4)

The United States Postal Service hereby provides the responses of witness Seckar to the following interrogatories of Pitney Bowes, Inc.: PB/USPS-T2-3-4, filed on January 22, 1999.

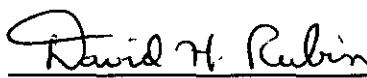
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
\_\_\_\_\_  
David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -5402  
January 29, 1999



RESPONSE OF POSTAL SERVICE WITNESS SECKAR TO INTERROGATORY  
OF PITNEY BOWES

**PB/USPS-T2-3.** The source notes for rows 2, 10 and 18 of page 1 of Worksheet 1 of the Attachment to your updated response to November hearing question (the three categories of maintenance costs) indicate that the costs are derived from Table 12. The maintenance numbers that you present in rows 2, 10, and 18 are different from those in Table 1 (as revised July 23, 1998) of Exhibit A to your testimony. We are not aware of any updating of Table 12 of Exhibit A to your testimony. If there is one, please provide it and if there is not, please provide the derivation of the maintenance cost numbers that you now believe current.

**RESPONSE:**

A copy of Table 12, as revised on August 10, 1998, is attached.

Table 12: Mailing Online Hardware Costs

	Notes	1999	2000	2001	2002	2003	Total 1999 - 2000
<b>DocuTech 6180's</b>							
(1) Gross Number of 6180's Leased per Year - 8.5x11 & 8.5x14	From Table 10	30	51	75	100	125	
(2) Gross Number of 6180's Leased per Year - 11x17	Id.	20	34	50	75	100	
(3) Total Number of 6180's Leased per Year	Sum of (1) and (2)	50	85	125	175	225	
(4) Leasing Cost per DocuTech 6180 & Signature Booklet Maker per year	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$87,600	\$87,600	\$87,600	\$87,600	\$87,600	\$175,200
(5) Cost to Lease 6180's - 8.5x11 & 8.5x14	(1) multiplied by (4)	\$2,628,000	\$4,487,400	\$6,570,000	\$6,570,000	\$6,570,000	\$7,095,600
(6) Cost to Lease 6180's - 11x17	(2) multiplied by (4)	\$1,752,000	\$2,976,400	\$4,380,000	\$6,570,000	\$8,760,000	\$4,730,400
(7) Total Cost to Lease 6180's & Booklet Makers	Sum of (5) and (6)	\$4,380,000	\$7,463,800	\$10,950,000	\$13,140,000	\$15,330,000	\$11,826,000
(8) Annual 8.5x11 B&W impression volume	From Table 4	822,051,312	1,434,700,263	2,236,874,317	3,135,747,315	3,862,838,744	2,256,751,574
(9) Annual 8.5x14 B&W impression volume	Id.	91,802,156	160,219,411	249,801,784	350,045,962	409,045,625	252,024,566
(10) Annual 11x17 B&W impression volume	Id.	286,545,895	447,741,418	688,063,386	978,004,372	1,143,099,124	704,287,283
(11) Average annual impressions per DocuTech 6180 - 8.5x11 and 8.5x14	(8) + (9) divided by (7)	30,461,782	31,272,835	33,155,581	34,659,303	32,575,075	61,734,717
(12) Average annual impressions per DocuTech 6180 - 11x17	(10) divided by (7)	12,827,283	13,168,865	13,961,960	13,948,068	11,430,991	25,095,188
(13) Average monthly impressions per DocuTech 6180 - 8.5x11 and 8.5x14	(11) divided by 12 months	2,538,482	2,606,076	2,762,973	2,888,275	2,714,580	5,144,580
(14) Average monthly impressions per DocuTech 6180 - 11x17	(12) divided by 12 months	1,069,541	1,097,405	1,163,473	1,161,538	952,583	2,166,347
<b>Monthly Maintenance Charge per DocuTech 6180, 8.5x11 &amp; 8.5x14</b>							
(15) Base Monthly Charge for each DocuTech 6180	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$4,595	\$4,595	\$4,595	\$4,595	\$4,595	\$4,595
(16) Monthly 8.5x11 & 8.5x14 impression volume per machine > 1,200,000 impressions	Portion of (13) > 1,200,000.	1,338,482	1,406,078	1,562,973	1,704,942	1,514,590	\$0,0039
(17) Charge for each impression > 1,200,000	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$0.0039	\$0.0039	\$0.0039	\$0.0039	\$0.0039	\$0.0039
(18) Monthly Charge for Impressions > 1,200,000	(16) * (17)	\$5,220	\$5,484	\$6,096	\$6,649	\$5,907	\$9,907
(19) Total Monthly Maintenance Charge per DocuTech 6180, 8.5x11 & 8.5x14	(15) + (18)	\$9,815	\$10,079	\$10,891	\$11,244	\$10,502	\$19,894
(20) Total Annual Maintenance Charge per DocuTech 6180, 8.5x11 & 8.5x14	(19) * 12 months	\$117,781	\$120,944	\$128,287	\$134,931	\$126,023	\$238,725
(21) Total Annual Maintenance Charge - All DocuTech 6180's, 8.5x11 and 8.5x14	(20) * (1)	\$3,533,429	\$4,185,167	\$9,821,537	\$13,493,128	\$15,752,849	\$9,767,595
<b>Monthly Maintenance Charge per Signature Booklet Maker - DocuTech 6180, 8.5x11 &amp; 8.5x14</b>							
(22) Monthly 8.5x11 & 8.5x14 per impression volume per machine < or equal to 250,000 impressions	Portion of (13) < or equal to 250,000.	250,000	250,000	250,000	250,000	250,000	
(23) Charge per impression for impressions < or equal to 250,000	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$0.0019	\$0.0019	\$0.0019	\$0.0019	\$0.0019	\$0.0019
(24) Total Charge for 250,000 Impressions	(23) * (24)	\$475	\$475	\$475	\$475	\$475	\$475
(25) Monthly 8.5x11 & 8.5x14 impression volume per machine > 250,000 impressions	Portion of (13) > 250,000.	2,356,078	2,512,973	2,512,973	2,654,942	2,464,590	\$0,0020
(26) Charge per impression for impressions > 250,000	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$0.0020	\$0.0020	\$0.0020	\$0.0020	\$0.0020	\$0,0020
(27) Total Charge for Impressions > 250,000	(25) * (27)	\$4,577	\$4,712	\$5,026	\$5,310	\$4,929	\$5,404
(28) Total Monthly Maintenance Charge per Signature Booklet Maker (DT6180 8.5x11 & 8.5x14)	(23) + (28)	\$5,052	\$5,287	\$5,501	\$5,785	\$5,431	\$10,239
(29) Total Annual Maintenance Charge per Signature Booklet Maker (DT6180 8.5x11 & 8.5x14)	(28) * 12 months	\$60,624	\$63,444	\$66,011	\$69,419	\$65,160	\$122,869
(30) Total Annual Maintenance Charge for all Signature Booklet Makers (DT6180 8.5x11 & 8.5x14)	(30) * (1)	\$1,819,707	\$3,174,539	\$4,950,852	\$6,341,881	\$8,106,269	\$4,983,246
<b>Monthly Maintenance Charge per DocuTech 6180, 11x17</b>							
(31) Base Monthly Charge for each DocuTech 6180	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$4,595	\$4,595	\$4,595	\$4,595	\$4,595	
(32) Monthly 11x17 impression volume per machine > 1,200,000 impressions	Portion of (14) > 1,200,000.	0	0	0	0	0	0
(33) Charge for each impression > 1,200,000	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$0.0039	\$0.0039	\$0.0039	\$0.0039	\$0.0039	\$0.0039
(34) Monthly Charge for Impressions > 1,200,000	(32) * (34)	\$0	\$0	\$0	\$0	\$0	\$0
(35) Total Monthly Maintenance Charge per DocuTech 6180, 11x17	(31) + (34)	\$4,595	\$4,595	\$4,595	\$4,595	\$4,595	\$9,190
(36) Total Annual Maintenance Charge per DocuTech 6180, 11x17	(35) * 12 months	\$55,140	\$55,140	\$55,140	\$55,140	\$55,140	\$110,280
(37) Total Annual Maintenance Charge - All DocuTech 6180's, 11x17	(37) * (2)	\$1,102,800	\$1,874,760	\$2,737,200	\$4,135,560	\$8,574,000	\$2,977,560
<b>Monthly Maintenance Charge per Signature Booklet Maker - DocuTech 6180, 11x17</b>							
(38) Monthly 11x17 per impression volume per machine < or equal to 250,000 impressions	Portion of (14) < or equal to 250,000.	250,000	250,000	250,000	250,000	250,000	
(39) Charge per impression for impressions < or equal to 250,000	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$0.0019	\$0.0019	\$0.0019	\$0.0019	\$0.0019	\$0.0019
(40) Total Charge for 250,000 Impressions	(38) * (40)	\$475	\$475	\$475	\$475	\$475	\$475
(41) Monthly 11x17 impression volume per machine > 250,000 impressions	Portion of (14) > 250,000.	816,341	847,405	913,473	837,358	702,583	\$0,0020
(42) Charge per impression for impressions > 250,000	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$0.0020	\$0.0020	\$0.0020	\$0.0020	\$0.0020	\$0,0020
(43) Total Monthly Maintenance Charge per Signature Booklet Maker (DT6180 11x17)	(41) + (43)	\$1,638	\$1,696	\$1,827	\$1,675	\$1,495	\$4,283
(44) Total Annual Maintenance Charge per Signature Booklet Maker (DT6180 11x17)	(43) * 12 months	\$19,656	\$20,352	\$21,924	\$20,100	\$17,940	\$51,382
(45) Total Annual Maintenance Charge for all Signature Booklet Makers (DT6180 11x17)	(45) * (2)	\$235,356	\$248,038	\$263,888	\$241,200	\$219,480	\$1,362,375
<b>DocuTech 4890's</b>							
(46) Total Number of 4890's Leased per Year	From Table 10	60	102	150	200	225	162
(47) Leasing Cost per DocuTech 4890 & Signature Booklet Maker for 1 year	From Xerox Business Services. See LR-3M/C38-1, Tab C.	\$49,884	\$49,884	\$49,884	\$49,884	\$49,884	\$99,768
(48) Cost to Lease all 4890's & Signature Booklet Makers	(47) multiplied by (23)	\$2,993,040	\$5,088,198	\$7,482,600	\$9,976,800	\$11,223,900	\$8,081,206
(49) Annual 8.5x11 Spot Color impression volume	From Table 6	698,688,659	1,149,414,043	1,792,077,983	2,512,212,546	2,834,493,285	1,808,002,702
(50) Annual 8.5x14 Spot Color impression volume	Id.	176,313,758	307,714,851	479,765,332	672,555,624	765,606,318	494,026,610
(51) Average annual impressions per machine - 8.5x11 and 8.5x14	(49) + (50) divided by (46)	13,915,040	14,295,577	15,145,622	15,822,842	16,382,777	28,700,618

(54)	Average monthly impressions per machine - 8.5x11 and 8.5x14	1,160,587	1,190,485	1,262,135	1,326,987	1,377,815	2,350,051
Monthly Maintenance Charge per DocuTech 4890, 8.5x11 & 8.5x14							
(55)	Base Monthly Charge for each DocuTech 4890	\$5,170	\$5,170	\$5,170	\$5,170	\$5,170	\$5,170
(56)	Monthly 8.5x11 & 8.5x14 impression volume per machine > 1,100,000 impressions	\$9,587	\$9,465	\$8,135	\$6,987	\$5,170	\$5,170
(57)	Charge for each impression > 1,100,000	\$0.0035	\$0.0035	\$0.0035	\$0.0035	\$0.0035	\$0.0035
(58)	Monthly Charge for Impressions > 1,100,000	\$209	\$209	\$567	\$764	\$972	\$1,065
(59)	Total Monthly Maintenance Charge per DocuTech 6180, 8.5x11 & 8.5x14	\$5,379	\$5,437	\$5,737	\$5,964	\$6,142	\$6,142
(60)	Total Annual Maintenance Charge per DocuTech 6180, 8.5x11 & 8.5x14	\$64,543	\$65,840	\$68,850	\$71,573	\$73,708	\$73,708
(61)	Total Annual Maintenance Charge - All DocuTech 4890s, 8.5x11 and 8.5x14	\$3,872,558	\$4,716,631	\$10,327,482	\$14,314,888	\$16,564,348	\$16,564,348
Monthly Maintenance Charge per Signature Booklet Maker - DocuTech 4890, 8.5x11 & 8.5x14							
(62)	Monthly 8.5x11 & 8.5x14 per impression volume per machine < or equal to 250,000 impressions	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
(63)	Charge per impression for impressions < or equal to 250,000	\$0.0019	\$0.0019	\$0.0019	\$0.0019	\$0.0019	\$0.0019
(64)	Total Charge for 250,000 impressions	\$475	\$475	\$475	\$475	\$475	\$475
(65)	Monthly 8.5x11 & 8.5x14 impression volume per machine > 250,000 impressions	\$90,587	\$90,465	\$1,012,135	\$1,076,987	\$1,127,815	\$1,127,815
(66)	Charge per impression for impressions > 250,000	\$0.0020	\$0.0020	\$0.0020	\$0.0020	\$0.0020	\$0.0020
(67)	Total Charge for Impressions > 250,000	\$1,819	\$1,881	\$2,024	\$2,154	\$2,256	\$2,256
(68)	Monthly Maintenance Charge per Signature Booklet Maker (DT4890 8.5x11 & 8.5x14)	\$416 + (67)	\$429	\$2,499	\$2,629	\$2,731	\$2,731
(69)	Total Annual Maintenance Charge per Signature Booklet Maker (DT4890 8.5x11 & 8.5x14)	\$21,530	\$28,271	\$29,991	\$31,946	\$32,788	\$32,788
(70)	Total Annual Maintenance Charge for all Signature Booklet Makers (DT4890 8.5x11 & 8.5x14)	\$1,651,805	\$2,863,658	\$4,498,887	\$6,369,537	\$7,272,700	\$7,272,700
Inserters							
(71)	Total Number of 9 Series Leased per Year	10	17	25	50	50	50
(72)	Leasing Cost per 9 Series per Year	\$82,296	\$82,296	\$82,296	\$82,296	\$82,296	\$82,296
(73)	Cost to Lease all 9 Series	\$822,960	\$1,399,032	\$2,057,400	\$4,114,800	\$4,114,800	\$4,114,800
(74)	Maintenance charge per 9 Series per Year	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
(75)	Total 9-Series Maintenance Charges	\$390,000	\$663,000	\$975,000	\$1,950,000	\$1,950,000	\$1,950,000
Inserters							
(76)	Total Number of 8 Series Leased per Year	20	34	50	50	75	75
(77)	Leasing Cost per 8 Series per Year	\$63,300	\$63,300	\$63,300	\$63,300	\$63,300	\$63,300
(78)	Cost to Lease all 8 Series	\$1,266,000	\$2,152,200	\$3,165,000	\$3,165,000	\$4,747,500	\$4,747,500
(79)	Maintenance charge per 8 Series per Year	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
(80)	Total 8-Series Maintenance Charges	\$600,000	\$1,020,000	\$1,500,000	\$1,500,000	\$2,250,000	\$2,250,000
(81)	Total Lease Costs (9 Series and 8 Series)	\$2,088,960	\$3,651,232	\$5,222,400	\$7,279,800	\$9,862,300	\$9,862,300
(82)	Total Maintenance Costs (9 Series and 8 Series)	\$390,000	\$1,663,000	\$2,475,000	\$3,450,000	\$4,200,000	\$4,200,000
Allocation of Costs:							
(83)	Total 6180, 8.5x11 & 8.5x14 Lease Costs	\$2,628,000	\$4,467,600	\$6,570,000	\$8,780,000	\$10,950,000	\$10,950,000
(84)	Total 6180, 8.5x11 & 8.5x14 Maintenance Costs	\$5,352,135	\$9,342,705	\$14,572,369	\$20,434,989	\$23,656,118	\$23,656,118
(85)	TOTAL, 6180 8.5x11 & 8.5x14	\$7,980,135	\$13,810,306	\$21,142,369	\$29,194,989	\$34,606,118	\$34,606,118
(86)	Total 6180, 11x17 Lease Costs	\$1,752,000	\$2,878,400	\$4,380,000	\$6,570,000	\$8,760,000	\$8,760,000
(87)	Total 6180, 11x17 Maintenance Costs	\$1,009,892	\$2,760,043	\$4,136,168	\$6,970,209	\$7,770,186	\$7,770,186
(88)	TOTAL, 6180 11x17	\$3,361,892	\$5,738,443	\$8,518,168	\$13,540,209	\$16,530,186	\$16,530,186
(89)	Total 4890 Lease Costs	\$2,993,040	\$5,088,168	\$7,482,600	\$9,976,800	\$11,223,900	\$11,223,900
(90)	Total 4890 Maintenance Costs	\$5,524,363	\$9,599,289	\$14,826,138	\$20,624,226	\$23,657,049	\$23,657,049
(91)	TOTAL, 4890	\$8,517,403	\$14,687,457	\$22,308,738	\$30,601,026	\$35,180,949	\$35,180,949
(92)	Total 9 Series Insertor Lease Costs	\$822,960	\$1,399,032	\$2,057,400	\$4,114,800	\$4,114,800	\$4,114,800
(93)	Total 9 Series Maintenance Costs	\$390,000	\$663,000	\$975,000	\$1,950,000	\$1,950,000	\$1,950,000
(94)	TOTAL, 9 Series	\$1,212,960	\$2,062,032	\$3,032,400	\$6,064,800	\$6,064,800	\$6,064,800
(95)	Total 8 Series Insertor Lease Costs	\$1,266,000	\$2,152,200	\$3,165,000	\$3,165,000	\$4,747,500	\$4,747,500
(96)	Total 8 Series Maintenance Costs	\$600,000	\$1,020,000	\$1,500,000	\$1,500,000	\$2,250,000	\$2,250,000
(97)	TOTAL, 8 Series	\$1,866,000	\$3,172,200	\$4,665,000	\$4,665,000	\$6,997,500	\$6,997,500
(98)	Total 8 Series Insertor Lease Costs	\$1,266,000	\$2,152,200	\$3,165,000	\$3,165,000	\$4,747,500	\$4,747,500
(99)	Total 8 Series Maintenance Costs	\$600,000	\$1,020,000	\$1,500,000	\$1,500,000	\$2,250,000	\$2,250,000
(100)	TOTAL, 8 Series	\$1,866,000	\$3,172,200	\$4,665,000	\$4,665,000	\$6,997,500	\$6,997,500

RESPONSE OF POSTAL SERVICE WITNESS SECKAR TO INTERROGATORY  
OF PITNEY BOWES

**PB/USPS-T2-4.** Please confirm that the 1999-2000 average variable information system costs as reported in the July 23 revision to USPS-T-2 Exhibit A in Table 1 (\$0.0007) have increased to \$0.0021 as reported in Worksheet 1 to the Attachment to your updated response to the question posed by the Presiding Officer at Tr. 7/1733-34. If you can not confirm, please disclose the July 23 and current average variable information costs.

**RESPONSE:**

Confirmed, but see the response of witness Lim to interrogatory PB/USPS-ST-9-2.

# DECLARATION

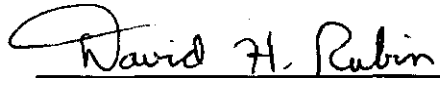
I, Paul G. Seckar, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Paul G Seckar

Dated: JANUARY 29, 1999

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
\_\_\_\_\_  
David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
January 29, 1999